NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (8/11)
BUTTER: Grade AA closed at $1.2900. The weekly average for Grade AA is $1.2810 (+.0255).
CHEESE: Barrels closed at $1.1925 and blocks at $1.2000. The weekly average for barrels is $1.1660 (+.0100) and blocks, $1.1930 (-.0035).

BUTTER: Butter markets across the country are firm. Churning levels have declined sharply following the recent declines in both milk and fat content in milk. The drop in fresh salted butter production has producers reaching into storage to service accounts. For some that are churning, unsalted butter is often the product of choice due to steady demand. The weekly CME butter inventory report shows that butter in approved warehouses was 146.2 million pounds, 6.22 million pounds lower than the prior week. This weekly decline is the biggest this year and the largest drawdown in inventories since November 2005. Butter demand is seasonally steady. Traders and handlers report that orders are mixed. Some buyers are placing heavier orders to hedge against possible price increases, while others maintain minimal orders in hopes of lower prices. Cumulative butter production for the first six months of 2006 totals 783.7 million pounds, 72 million pounds (10.1%) more than the same time period in 2005.

CHEESE: The cheese market is firm. Demand is steady to improved where buyers expect additional price increases. Some buyers are finishing preparations for the reopening of school and/or Labor Day promotions. Boosting cheese yields by adding skim solids is difficult because of tight NDM supplies. In the Eastern and Central regions, production is lower due to reduced milk intakes, cheese yields, and increased fluid shipments to bottlers. Current cheese supplies have tightened despite a rebound in cheese production in parts of the West. Cumulative 2006 U.S. cheddar cheese production during the first 6 months totals 1.6 billion pounds, up 45.3 million pounds (2.9%) from the same period in 2005. Total cheese output during the first half of 2006 totals 4.7 billion pounds, up 137.8 million pounds (3.0%). The Kansas City Commodity Office announced on August 7, that all bids to sell to CCC Queso Blanco under QBD2-010 were rejected due to price.

FLUID MILK: Milk production is rebounding after the recent heat wave across the U.S. Supply increases are most significantly noted in the West where volumes are nearly back to pre-heat wave levels. Heavy shipments of milk from the Northeastern and Central regions continue to supplant milk supply shortages in the Southeast. Class I demand is improving as bottlers begin to prepare for upcoming school sessions. Interest in condensed skim is good, particularly as some cheese plants need to fortify milk due to reduced solids in current milk receipts. Cream supplies are tight, especially in the Eastern U.S. where multiples were reported in the low 170's as of Friday 8-11-06. Cream intakes into Class II and IV facilities are reduced, encouraging increased usage of inventoried butter and ice cream.

DRY PRODUCTS: Dry products prices are generally trending higher despite noted production rebounds in the West. NDM supplies are tight. Some buyers are being shorted on their contractual loads of NDM. As a result, the NDM resale market is more active. Reduced solids content in milk is also encouraging NDM interest. Buttermilk production is seasonally light. Spot trade of buttermilk is nominal. Whey supplies are tight, encouraging movement in the resale market when possible. WPC interest is improved and prices are higher. Lactose prices are unchanged as product is not available for current spot trade. Interest in fourth quarter is noted with some negotiations commencing.

CCC: During the week of August 7 - 11, CCC purchased no dairy products under the price support program.

JUNE DAIRY PRODUCTS (NASS): Butter production was 100.9 million pounds in June, 5.3% below June 2005 and 21.2% below May 2006. American type cheese production totaled 337.5 million pounds, 5.0% above June 2005 but 2.6% below May 2006. Total cheese output (excluding cottage cheese) was 793.2 million pounds, 3.8% above June 2005 but 2.3% below May 2006. NDM production, for human food, totaled 116.5 million pounds, 6.2% below June 2005 and 11.9% below May 2006. Dry whey production, for human food, was 85.1 million pounds, 4.5% above June 2005 but 7.4% below May 2006. Ice cream (hard) production totaled 88.2 million gallons, 3.3% below June 2005 but 7.4% above May 2006.

MAY MAILBOX MILK PRICES FOR SELECTED REPORTING AREAS (DAIRY PROGRAMS): In May 2006, mailbox milk prices for selected reporting areas in Federal milk orders averaged $11.80, $.12 less than the figure for the previous month. The component tests of producer milk in May 2006 were: butterfat, 3.63%; protein, 3.01%; and other solids, 5.74%. On an individual reporting area basis, mailbox prices decreased in all Federal milk order reporting areas except two, and ranged from $14.70 in Florida to $9.98 in New Mexico. In May 2005, the Federal milk order all-area average mailbox price was $14.48, $2.68 higher.

JUNE FLUID MILK SALES (AMS & CDIB): During June, about 4.3 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 3.2% higher than June 2005. After adjusting for calendar composition, sales in June 2006 were 1.7% higher than June 2005. On an individual product basis, after adjusting for calendar composition, sales of reduced fat (2%) milk, low fat milk (1%), and fat-free (skim) milk increased from June 2005, while sales of whole milk, flavored whole milk, flavored fat-reduced milk, and buttermilk decreased from a year earlier. Sales data for organic milk are now being provided. Additional data can be found at: http://www.ams.usda.gov/dyfmos/mib/fluidsales.htm

CHICAGO MERCANTILE EXCHANGE CASH TRADING

PRODUCT	MONDAY AUGUST 7	TUESDAY AUGUST 8	WEDNESDAY AUGUST 9	THURSDAY AUGUST 10	FRIDAY AUGUST 11	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	$1.1575 (-.0025)	$1.1600 (+.0025)	$1.1550 (-.0050)	$1.1650 (+.0100)	$1.1925 (+.0275)	(+.0325)	$1.1660 (+.0100)
40# BLOCKS	$1.1950 (N.C.)	$1.1950 (N.C.)	$1.1800 (-.0150)	$1.1950 (+.0150)	$1.2000 (+.0050)	(+.0050)	$1.1930 (-.0035)
BUTTER							
GRADE AA	$1.2900 (+.0050)	$1.2850 (-.0050)	$1.2675 (-.0175)	$1.2725 (+.0050)	$1.2900 (+.0175)	(+.0050)	$1.2810 (+.0255)

CHEESE: carload = 40,000-44,000 lbs., BUTTER: carlot = 40,000-43,000 lbs. *Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM **NOTE: CME NDM on Page 2.**

CHICAGO MERCANTILE EXCHANGE

MONDAY, AUGUST 7, 2006

CHEESE — SALES: 3 CARS BARRELS: 1 @ $1.1575, 1 @ $1.1550, 1 @ $1.1575; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 2 CARS 40# BLOCKS: 1 @ $1.2000, 1 @ $1.2050

NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

BUTTER — SALES: 3 CARS GRADE AA: 1 @ $1.2850, 2 @ $1.2900; BIDS UNFILLED: 4 CARS GRADE AA: 2 @ $1.2800, 2 @ $1.2500; OFFERS UNCOVERED: 3 CARS GRADE AA: 1 @ $1.2950, 2 @ $1.3000

TUESDAY, AUGUST 8, 2006

CHEESE — SALES: 1 CAR BARRELS @ $1.1600; 2 CARS 40# BLOCKS: 1 @ $1.1950, 1 @ $1.1925; BIDS UNFILLED: 1 CAR 40# BLOCKS @ $1.1950; OFFERS UNCOVERED: 2 CARS 40# BLOCKS: 1 @ $1.2000, 1 @ $1.2100

NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

BUTTER — SALES: 9 CARS GRADE AA: 7 @ $1.2800, 1 @ $1.2825, 1 @ $1.2850; BIDS UNFILLED: 1 CAR GRADE AA @ $1.2550; OFFERS UNCOVERED: 8 CARS GRADE AA: 1 @ $1.2850, 2 @ $1.2875, 2 @ $1.2900, 2 @ $1.2950, 1 @ $1.3000

WEDNESDAY, AUGUST 9, 2006

CHEESE — SALES: 2 CARS BARRELS: 1 @ $1.1600, 1 @ $1.1550; 2 CARS 40# BLOCKS: 1 @ $1.1850, 1 @ $1.1800; BIDS UNFILLED: 1 CAR BARRELS @ $1.1550; OFFERS UNCOVERED: 3 CARS 40# BLOCKS: 1 @ $1.1825, 1 @ $1.1925, 1 @ $1.1950

NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: 2 CARS EXTRA GRADE @ $0.9000; 2 CARS GRADE A @ $0.9000; OFFERS UNCOVERED: NONE

BUTTER — SALES: 8 CARS GRADE AA: 1 @ $1.2700, 3 @ $1.2550, 1 @ $1.2575, 2 @ $1.2600, 1 @ $1.2675; BIDS UNFILLED: 1 CAR GRADE AA @ $1.2400; OFFERS UNCOVERED: 9 CARS GRADE AA: 1 @ $1.2725, 1 @ $1.2750, 1 @ $1.2800, 2 @ $1.2825, 4 @ $1.2850

THURSDAY, AUGUST 10, 2006

CHEESE — SALES: 3 CARS BARRELS: 1 @ $1.1600, 2 @ $1.1650; 4 CARS 40# BLOCKS: 1 @ $1.1800, 1 @ $1.1850, 1 @ $1.1900, 1 @ $1.1950; BIDS UNFILLED: 5 CARS BARRELS: 2 @ $1.1600, 1 @ $1.1575, 1 @ $1.1550, 1 @ $1.1500; 1 CAR 40# BLOCKS @ $1.1750; OFFERS UNCOVERED: 2 CARS 40# BLOCKS: 1 @ $1.1950, 1 @ $1.2000

NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

BUTTER — SALES: 15 CARS GRADE AA: 4 @ $1.2600, 1 @ $1.2625, 4 @ $1.2650, 2 @ $1.2675, 3 @ $1.2700, 1 @ $1.2750; BIDS UNFILLED: 3 CARS GRADE AA: 1 @ $1.2675, 1 @ $1.2600, 1 @ $1.2300; OFFERS UNCOVERED: 2 CARS GRADE AA: 1 @ $1.2725, 1 @ $1.2750

FRIDAY, AUGUST 11, 2006

CHEESE — SALES: NONE; BIDS UNFILLED: 3 CARS BARRELS: 1 @ $1.1925, 1 @ $1.1750, 1 @ $1.1600; 1 CAR 40# BLOCKS @ $1.2000; OFFERS UNCOVERED: NONE

NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

BUTTER — SALES: 7 CARS GRADE AA: 1 @ $1.2750, 1 @ $1.2850, 1 @ $1.2900, 1 @ $1.2925, 3 @ $1.2900; BIDS UNFILLED: 1 CAR GRADE AA @ $1.2400; OFFERS UNCOVERED: NONE

CME CASH NONFAT DRY MILK: Extra Grade closed the week at $0.9000 and Grade A at $0.9000. (The last price change for Extra Grade and Grade A was on August 9, 2006.) The weekly average for Extra Grade is $0.8880 (+.0180) and Grade A is $0.8880 (+.0180).

BUTTER MARKETS

JUNE BUTTER PRODUCTION

During June 2006, butter production in the United States totaled 100.9 million pounds, 5.3% less than June 2005 and 21.2% lower than May 2006. The following are June to June changes for various states: CA -1.6%, NY -13.8%, PA -3.0%, and WI -18.9%.

NORTHEAST

The butter market is firm as the cash price continues to increase and cream supplies for churning are limited. Butter producers and handlers state that cream supplies are greatly reduced, basically due to the sharp decline in milk volumes over the past few weeks. Recent hot temperatures and high humidity levels reduced milk and cream volumes considerably. Butterfat tests on the lower volumes of incoming milk were also reported to be reduced which is not helping already tight cream supplies. Churning activity in the Eastern part of the country continues but is often much lower than anticipated or desired for this time of the season. Butter demand is somewhat stronger this week. Some buyers are trying to beat further price increases and placing orders, while others hold off. Some suppliers indicate that they are having difficulty in meeting all immediate needs as fresh butter volumes are limited and frozen inventories are often not in desired packages for customer needs. Tempering and microfixing continues, but often not fast enough to keep up with demand. For most that are tempering and microfixing, once they adjust to a timely cycle, they will be able to meet customer needs. Sales of bulk butter f.o.b. East, are reported in a range from flat market to 3.0 cents over the CME price/average.

CENTRAL

The butter market remains firm, although the cash price is declining. At midweek, the cash price is $1.2675, down 2 1/4 cents in the two most recent trading sessions. Cream supplies are tight. Many cream suppliers that have contracts with butter producers often indicate that they are not able to fully acknowledge these commitments at this time. The hot temperatures of the past few weeks have greatly reduced milk and cream volumes across the country. Reports indicate that butterfat test on the incoming milk are also lower. Due to lower cream volumes, churning activity has declined in most areas of the Midwest. For those that are churning, unsalted butter if often the product of choice at this time with inventoried stock used for salted needs. In some instances, inventoried stock is not in the form of need, thus tempering and micro fixing is occurring. For many Central butter producers and handlers, they have been micro fixing during recent weeks thus the process is well underway. For others, they are just beginning and are often not able to keep pace with salted demand. Buying interest remains mixed. Some suppliers indicate that demand has been stronger in recent weeks due to firm cash prices, while others wait for lower prices. Bulk butter for spot sale is being reported in the flat – 2 cents per pound over various pricing basis.

WEST

Butter prices are firm at the Chicago Mercantile Exchange and have moved higher by 5.50 cents over the last week to close at $1.2675 on Wednesday. The market slipped lower from the Monday high of $1.2900. Churning levels have declined sharply following the recent declines in both milk and fat content in milk. As milk volumes return, there is more milk and fat returning to butter/powder plant. Producers are attempting to catch up with orders. The drop in fresh butter production has producers reaching into storage to service accounts and they are also committing stocks for later needs. There is good demand for both print and bulk butter. Cream supplies are generally tight in the region. There remains a good call for cream from ice cream producers and they are able and willing to pay higher multiples for available supplies. There is also a good call for unsalted butter from end users. The weekly CME butter inventory report shows that butter in approved warehouses was 146.2 million pounds, 6.22 million pounds lower than the prior week. The weekly decline is the biggest this year and the largest drawdown in inventories since November 2005. The weekly total is 56 million pounds above the same period a year ago. U.S. butter production totaled 100.9 million pounds in June, 5.3% lower than June 2005 and 21.2% less than May. The Western region produced 47.9 million pounds (48%) of the U.S. total with California contributing 31.7 million pounds. For the first half of 2006, cumulative U.S. butter output totaled 783.7 million pounds, an increase of 72.0 million pounds or 10.1%. Prices for bulk butter range from flat market to 3 cents under based on the CME with various time frames and averages.

NASS DAIRY PRODUCT PRICES

U.S. AVERAGES AND TOTAL POUNDS

WEEK ENDING	CHEESE 40# BLOCKS	CHEESE BARRELS 38% MOISTURE	NDM	BUTTER	DRY WHEY
AUGUST 5	1.1434	1.1434	0.8456	1.1539	0.2882
	10,926,716	6,744,549	20,905,598	6,936,080	13,737,843

Further data and revisions may be found on the internet at: http://jan.mannlib.cornell.edu/reports/nassr/price/dairy

CHEESE MARKETS

NORTHEAST

Wholesale prices are higher, reflecting recent increase in the Chicago Mercantile Exchange cash cheese market. Demand is steady to just occasionally higher where buyers are preparing for school and Labor Day promotions. Current cheese production is steady to lighter seasonally between heat reduced milk volumes and fluid shipments to the Southeast. Cheese yields are also lower.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.2800-1.8000
Cheddar Single Daisies	:	1.2375-1.7225
Cheddar 40# Block	:	1.3350-1.6100
Process 5# Loaf	:	1.3650-1.6050
Process 5# Sliced	:	1.3800-1.6900
Muenster	:	1.3525-1.5525
Grade A Swiss Cuts 10 - 14#	:	2.4500-2.6500

MIDWEST

The cheese market is firming. Orders have increased for many cutters and processors after recent price increases on the Chicago Mercantile Exchange cash market. Current cheese offerings are down. Some producers are passing on new orders or are limiting deliveries to committed volumes. A few producers have also cut back on commitments due to supply issues. Buyers need to provide adequate order lead times to insure supplies are available when needed. Best packaged interest is for shreds and sliced. Current cheddar supplies are being more heavily supplemented by volumes produced in the southwest and west. Provolone remains tight, generic mozzarella about in balance, and specialty mozzarellas, including string, tight. Process interest is improved. Aged cheddar interest is steady with stocks more than adequate on 2006 production. Tight NDM supplies are making increasing cheese yields on varieties like part skim mozzarella difficult without NDM already in stock. Overall milk volumes partially rebounded after the most recent hot spell. Plant schedules are steady to lighter, reflecting milk receipts. Cheese makers continue to see reduced cheese yields. Some plant operators are selling milk to bottlers or handlers for use in other areas for better returns than in cheese production.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.4250-1.6300
Brick And/Or Muenster 5#	:	1.6500-1.7525
Cheddar 40# Block	:	1.5200-2.2650
Monterey Jack 10#	:	1.6500-2.2650
Blue 5#	:	2.0575-2.3300
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.3825-2.3650
Grade A Swiss Cuts 6 - 9#	:	2.1550-2.8300

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	:	CHEESE
08/07/06	52,758	:	139,597
08/01/06	53,908	:	137,815
CHANGE	-1,150	:	1,782
% CHANGE	-2	:	1

WEST

Cheese prices have recently moved higher for both daily closes and for weekly averages at the Chicago Mercantile Exchange. However, prices declines for both barrel and blocks on Wednesday. The change has the trade more cautious. The upturn in the market was attributed to the decline in milk production due to recent hot weather in the region. Lower milk receipts and declining solids in milk reduced cheese production and created locations where offerings became tighter. Many cheese plants are again receiving scheduled milk volumes and most have the milk needed to make cheese for sales. Current cheese offerings are returning to anticipated levels in most parts of the region. Mozzarella demand is fair to good and beginning to evolve for upcoming school and fall needs. Total cheese production in the U.S. totaled 793.2 million in June, up 3.8% from June 2005. For the first half of 2006, total cheese is running 3.0% higher than in 2005. The Western region produced 44% of the total cheese in June. In June, the U.S. output of Swiss cheese totaled 25.6 million pounds, a 4.4% increase from last year.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.3075-1.5650
Cheddar 40# Block	:	1.3150-1.6675
Cheddar 10# Cuts	:	1.4950-1.7150
Monterey Jack 10#	:	1.5050-1.6650
Grade A Swiss Cuts 6 - 9#	:	2.3500-2.7000

FOREIGN

Domestic prices are higher with imported prices unchanged. Current interest generally remains at lighter summer levels. Higher fuel costs may cause prices to increase further as sellers pass on increased costs of imported and domestic varieties. Current supplies are adequate for needs.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

	NEW YORK	
VARIETY	IMPORTED	DOMESTIC
Roquefort	TFEWR	-0-
Blue	2.6400-4.4800	1.6000-3.0875*
Gorgonzola	3.6900-5.9900	2.1025-2.4900*
Parmesan (Italy)	TFEWR	3.0075-3.1125*
Romano (Italy)	2.1000-3.2900	-0-
Provolone (Italy)	3.4400-6.0900	1.5925-1.8300*
Romano (Cows Milk)	-0-	2.7900-4.9325*
Sardo Romano (Argentine)	2.8500-3.2900	-0-
Reggianito (Argentine)	2.6900-3.2900	-0-
Jarlsberg-(Brand)	3.1200-4.1500	-0-
Swiss Cuts Switzerland	-0-	2.4500-2.6500
Swiss Cuts Finnish	2.5900-2.8500	-0-
Swiss Cuts Austrian	TFEWR	-0-
Edam		
2 Pound	TFEWR	-0-
4 Pound	TFEWR	-0-
Gouda, Large	TFEWR	-0-
Gouda, Baby ($/Dozen)		
10 Ounce	27.8000-31.7000	-0-

* = Price change.

FLUID MILK AND CREAM

EAST

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	228	0	171	0	134	0
SOUTHEAST STATES	112	0	97	0	31	0

Tight milk and cream volumes in the Eastern portion of the country continue to be reported, even though temperatures and weather conditions have moderated. Milk producers and handlers from New England to the Southeast indicate that the high temperatures of the past few weeks have definitely taken a toll on the milking herd. Some milk handlers state that they are seeing a slight rebound in milk receipts, but feel that they will not recover anywhere close the volumes of milk lost during the heat spell. Milk losses during the hot period of the past few weeks were reported to be in the 8 – 10% range. Everyone is scurrying around trying to locate milk to keep operations running efficiently. Often the search goes unfilled. Plant managers indicate that some loads of incoming milk are experiencing elevated temperatures. Often these tankers are not full, thus temperatures rise faster than if they were loaded. Milk at this time of year moves from one area to another under contract, but presently, some of these contracts are not being fully acknowledged, due to lack of milk. School milk bottling pipelines continue to fill, especially in the Southeast. Milk handlers state that filling these pipelines over the next few week, coupled with lower milk volumes, will be keep surplus milk volumes to very minimal levels. Most feel that it will take much of the fall before milk and demand become balanced. Florida and the Southeast continue to import and volumes are heavier. During the past week, 112 loads of milk moved into the Southeast, compared to 97 last week and 31 loads a year ago. Florida imports total 228 loads, 57 loads more than last week and 94 loads more than last year. Condensed skim markets remain firm with prices basically unchanged. Demand is strong as many cheese makers try to supplement the vat with additional solids as tests in milk are often lower. Cream markets are firm. Supplies are limited to the point that some cream suppliers need to locate spot loads on the open market to fulfill contract commitments. Often these searches are futile unless buyers are willing to pay. This week, pricing multiples in the 160's were not uncommon.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, $ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS:	NORTHEAST	-	1.9586-2.0716
DELIVERED EQUIVALENT:	ATLANTA	-	1.9837-2.0716 M 2.0088-2.0465
F.O.B. PRODUCING PLANTS:	UPPER MIDWEST	-	1.6573-1.9084

PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS,
F.O.B. PRODUCING PLANTS:

NORTHEAST - CLASS II - INCLUDES MONTHLY FORMULA PRICES	- .8975-.9700
NORTHEAST - CLASS III - SPOT PRICES	- .8900-.9500

MIDWEST

Milk supplies are tight to short within the region despite a small rebound in receipts after the recent heat abated. Class I sales improved late last week and early this week. Some bottlers are promoting reduced fat milk to generate needed, and scarce, cream. Shipments into the Southeast were generally heavier from upper Midwestern states such as Michigan, Wisconsin, and Minnesota, as some operations did not start making shipments until August 1. Bottlers are pulling heavily from manufacturing operations under committed pooling agreements in the upper Midwest, surprising manufacturing plant operators not expecting ship milk quite this early. One handler even received a call from Eastern bottler looking to supplement fluid supplies. Spot milk prices, on a very light test due to limited supplies, range from $2.00 – 3.00 over class, net seller. A few handlers mentioned being offered higher prices though supplies were not available. Cream supplies are very tight and users are having problems in covering needs. Cream multiples are mostly higher as is the weekly average cash butter price on the Chicago Mercantile Exchange. Ice cream production is steady to lighter as producers try to reduce inventories when possible. Churning is limited and mainly just to cover unsalted butter orders. Tight NDM supplies have some Class III users buying condensed skim to supplement cheese yields. Manufacturing plant operating schedules are steady to mostly lighter with many down a day or on shorter daily runs. The lower fat and protein of incoming fluid supplies is generating lower manufactured product yields. Most of the winter wheat and oat harvest has been completed and straw is off the fields. Scattered showers are making hay/haylage harvest difficult. Recent heavier rains have improved crop conditions in some dry areas, although others remain in a drought.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	AUGUST 3 - 9	PREVIOUS YEAR
SLAUGHTER COWS	$ 46.00- 53.00	$ 49.50- 55.00
REPLACEMENT HEIFER CALVES	$300.00-575.00	$500.00-750.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	AUGUST 3 - 9	PREVIOUS YEAR
SLAUGHTER COWS	$ 44.00- 54.00	$ 47.00- 58.00

WEST

CALIFORNIA milk production is returning toward the levels that were realized before the heat impacted the state during the last month. Handlers are stating that milk intakes are higher and fat and protein levels are at expected levels. The variations of the return of the milk are fluctuating with some handlers seeing half the loss return, while others see almost a full recovery. Weather conditions are generally favorable for additional recovery, but some areas lost cows and the heat impacted stressed cows. Cows have returned to more normal patterns. NEW MEXICO milk output is steady with last week, following declines in recent weeks. There are adequate supplies of milk in the state to cover local plants' needs and also to service contracts from other regions. Milk shipments are light and steady to handlers in the Southeast. Western CREAM prices are higher in a tight market. Cream demand has increased in other regions and from local accounts. Higher bid prices have more cream moving away from churns and into higher class items. Cream has been tighter in past weeks when milk intakes and the fat contents were lower because of the hot weather in the region. The CME Grade AA butter price was 0.75 cents higher versus a week earlier and closed at $1.2675 on Wednesday, August 9. Cream multiples are higher at 118 to 138, FOB, and vary depending on class usage and basing points. Milk production is moving higher in the PACIFIC NORTHWEST. Weather conditions have been favorable for milk cows after some areas experienced stressful temperatures. The output trend has been steady to higher and declines are being reclaimed. The lack of good, dairy quality hay remains a major concern in the region. Anecdotal reports of lower prices for dairy replacement animals are noted. Milk output in UTAH and IDAHO is rebounding and handlers are reporting milk intakes as well as milk solids are higher. Cooler and wetter conditions are reported in local areas. Processors welcome additional milk supplies.

NDM, BUTTERMILK & WHOLE MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Prices are higher on a firm market. Milk intakes are lower at some plants and the incoming milk volumes are reflecting lower solids content. As a result, production of NDM is lower. Because the protein content in milk is reduced, some cheesemakers are searching for additional NDM to standardize their milk. Offerings as high as $1 are noted in the resale market. Some buyers are reluctant to pay such high premiums. Some contractual users are reporting that they are being shorted on their contractual shipments, increasing interest in spot purchases of NDM. High heat NDM production and supplies are light and movement is mostly contractual. Inquiries are noted to the CCC for the release of government held NDM to the open market.
EAST: Prices are higher on a firm market. Movement is limited to contracts. Some contractual shipments are being delayed due to supply shortages. Spot loads are difficult to obtain with only a very few loads notably shipped from the Central region to the East. Production is significantly reduced as milk shifts to the South to satisfy Class I demand. Increased interest in condensed skim is noted as cheese plants attempt to fortify milk that is lower solids content after the recent heat wave. High heat spot trade is nominal with most movement occurring on a contractual basis.
DAIRY PRODUCTS: Production of human food, NONFAT DRY MILK during June 2006 totaled 116.5 million pounds, down 6.2% from June 2005 and 11.9% below May 2006. Month ending stocks, at 110.5 million pounds, are 6.0% below a year ago and 24.0% lower than last month. Production of SKIM MILK POWDER, a blended product with a standardized protein content, totaled 22.4 million pounds, 12.8% lower than June 2005 but 23.2% above May 2006. Month ending stocks are not reported for this commodity.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT:	.8525 - .9350	MOSTLY:	.8850 - .9200
HIGH HEAT:	.8875 - .9900		

NONFAT DRY MILK - WEST

Western low/medium heat NDM prices are trending higher with the market undertone firming. Offerings are tight and several producers are allocating contract purchases and limiting spot sales. Production levels are trending higher following several weeks of reduced milk supplies entering butter/powder facilities. Prices are higher on the resale front as buyers look to other sources to fill current needs. During the week of July 31 - August 4, there were no cancellations or offerings of NDM from Western producers. High heat prices are higher in a lightly tested market. Offerings are limited at the producer levels. Buying interest is typically low. Stocks remain light. U.S. NDM production in June totaled 116.5 million pounds, 6.2% lower than last year and 11.9% less than last month. Cumulative NDM production for the first half of 2006 totals 731.0 million pounds, up 11.9% from the same period in 2005. Skim milk powders (SMP) production in June totaled 22.4 million pounds, down 12.8% from last year, but 23.2% more than last month. June NDM production in the Western region totaled 78.2 million pounds, up 0.9% from last year. The West produced 67% of the U.S. total in June. California produced 51.7 million pounds, up 10.3% from June 2005. U.S. manufacturers' stocks at the end of June were reported at 110.5 million pounds, 6.0% less than last year and 24.0% lower than last month.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT:	.8200 - .8800	MOSTLY:	.8300 - .8450
HIGH HEAT:	.8500 - .8900		

CALIFORNIA MANUFACTURING PLANTS - NDM

-see adjacent column-

DRY BUTTERMILK - CENTRAL

Prices are unchanged to higher and nominal on a firm market. Spot trade activity is very light. Offerings are noted, predominantly at the higher end of the range. Buyers are still adjusting to the dramatic shift from supply abundance earlier this year to the current supply deficit. Churn activity is reduced, decreasing available volumes of condensed buttermilk. Condensed buttermilk movement is fairly steady with dryers operating only when necessary. Production of dry buttermilk during June 2006 totaled 4.8 million pounds, 9.0% less than June 2005 and 17.2% below May 2006. Month ending stocks, at 10.5 million pounds, are 7.8% above a year ago but 27.2% below than May 2006.

F.O.B. CENTRAL: .9450 - .9900

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are higher and nominal on a firm market. Most trade is occurring on a contractual basis. Production is reduced in response to lower milk and cream supplies after the recent heat wave. Producers anticipate that production will not rebound until late this fall. Spot inquiry is light. Production of dry buttermilk during June 2006 totaled 4.8 million pounds, 9.0% less than June 2005 and 17.2% below May 2006. Month ending stocks, at 10.5 million pounds, are 7.8% above a year ago but 27.2% below than May 2006.

F.O.B. NORTHEAST:	.8375 - .8750
DELVD SOUTHEAST:	.8575 - .8950

DRY BUTTERMILK - WEST

Prices are steady to higher for Western dry buttermilk. The market tone is firm and the market untested. Offerings are light because limited amounts of buttermilk have been dried in recent weeks as butter production has been curtailed. Condensed buttermilk is moving to normal contracted accounts. Domestic, dry buttermilk demand is generally light and buyers are not actively pursuing spot loads. Stocks are in balance. U.S. dry buttermilk production in June totaled 4.8 million pounds, down 9.0% from last year and 17.2% less than May. Stocks at the end of June were 10.5 million pounds, 7.8% higher than last year but 27.2% lower than May 2006.

F.O.B. WEST: .7300 - .8000 MOSTLY: .7500 - .7900

DRY WHOLE MILK - NATIONAL

Dry whole milk prices are holding mostly steady with recent weeks. The market tone is stable. Availability is limited to moderate for the current light needs. Seasonal accounts are not aggressive and producers have adequate stocks to meet current and future needs. Dry whole milk production during June 2006 totaled 2.4 million pounds, up 16.5% from June 2005 but 5.9% less than May 2006.

F.O.B. PRODUCING PLANT: 1.1400 - 1.2400

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
August 4	$.8339	10,277,267	0
July 28	$.8213	11,471,440	277,636

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

WHEY, CASEIN & EVAPORATED MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

DRY WHEY - CENTRAL

Prices are higher on a firm market. Most trade is occurring on a contractual basis with very limited supplies available to the spot trade. Resale trade is noted above the current range for the light to fair interest. Some buyers are guarded of the current market as firmer prices may be only reflective of short-term fluxes in milk production. Others note that whey is moving well into export markets which may encourage prices to remain firm. Production is steady to lower in response to reduced milk volumes and solids content in milk. Feed grade supplies are tight for the good interest. Production of HUMAN FOOD, dry whey during June 2006 totaled 85.1 million pounds, 4.5% more than June 2005 but 7.4% below May 2006. Month ending stocks, at 40.6 million pounds, are 17.5% above a year ago but 3.0% less than May 2006. Production of ANIMAL FEED, dry whey during June 2006 totaled 5.4 million pounds, 32.9% less than June 2005 but 1.5% above May 2006. Month ending stocks, at 2.9 million pounds, are 17.0% lower than a year ago but 9.4% more than May 2006.

F.O.B. CENTRAL: .3000 - .3250 MOSTLY: .3000 - .3100
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .2800 - .2850

DRY WHEY - NORTHEAST AND SOUTHEAST

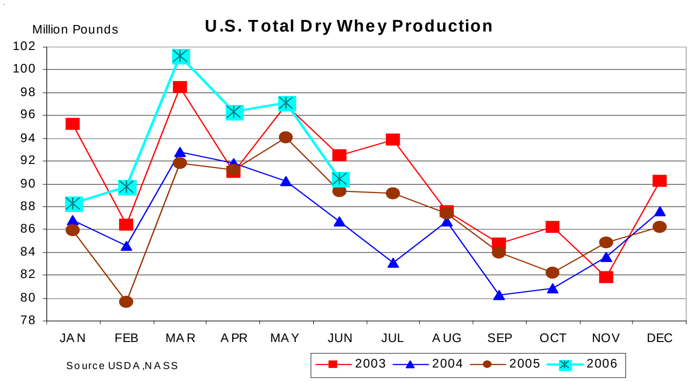
Whey prices are unchanged to higher on a firm market. Less milk is moving to the cheese vat, resulting in reduced condensed whey supplies. Dryer activity is therefore reduced and supplies of dry whey are tightening. Most movement of dry whey continues to occur on a contractual basis with limited supplies available to the spot trade. Some traders are able to garner additional loads from the Central region where supplies are also reportedly tight. Total dry whey production during June 2005 totaled 90.4 million pounds, 1.2% more than June 2005 but 6.9% below May 2006. Month ending stocks, at 43.5 million pounds, are 14.4% above a year ago but 2.2% less than May 2006.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .3025 - .3150
DELVD SOUTHEAST: .3225 - .3350

DRY WHEY - WEST

Western dry whey prices continue to move higher. The market trend is firmer, although some producers' pricing levels are not being aggressively pushed. Exports continue to be active and are responsible for clearing whey in the region. Production is trending higher as milk rebounds in the region. Stocks are light to moderate and are at levels to service current and future needs of export and domestic customers. U.S. edible whey production during June totals 85.1 million pounds, up 4.5% from last year. Stocks at the end of June were 40.6 million pounds, up 17.5% from last year. In June, the Western region produced 25.0 million pounds, up 5.4% from last year. The West produced 29% of the U.S. total. Cumulative total dry whey production for the first half of 2006 is 563.1 million pounds, up 31.0 million pounds (5.8%) from 2005.

NONHYGROSCOPIC: .2725 - .3225 MOSTLY: .2925 - .3100



WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are unchanged to higher on a steady to firm market. Increased interest for WPC 80% into domestic and export markets is limiting the availability of WPC 80% as a substitute to WPC 34%. Lower solids content in milk at some locations is reducing production of WPC 34%. As a result, supplies of WPC 34% are increasingly limited. Canadian WPC 34% is trading into the U.S. at competitive prices. Offers of WPC 34% from Argentina are noted. Production of HUMAN AND ANIMAL WPC (25.0-49.9% PROTEIN) during June 2006 totaled 23.8 million pounds, 2.5% lower than June 2005 and 8.1% below May 2006. Manufacturers' end-of-month stocks totaled 18.9 million pounds, 19.8% higher than a year ago but 2.5% below last month. Production of HUMAN AND ANIMAL WPC (50.0-89.9% PROTEIN) during June 2006 totaled 10.4 million pounds, up 27.4% from June 2005 and 5.8% above May 2006. Manufacturers' end-of-month stocks totaled 11.7 million pounds, 20.5% above last year and 1.5% higher than last month.

F.O.B. EXTRA GRADE 34% PROTEIN: .5950 - .6250 MOSTLY: .5950 - .6050

LACTOSE - CENTRAL AND WEST

Prices are unchanged on a firm market. Supplies of lactose for spot trade are very difficult to find. Production is somewhat reduced in response to recent fluxes in the milk supply. Some buyers that were unable to secure sufficient supplies for the third quarter are making bids for fourth quarter. Some sellers are entertaining buyer requests for fourth quarter contracts by extending offers. Others are hesitant to negotiate until a better assessment of stocks can be made sometime next month. Lactose production during June 2006 totaled 56.7 million pounds, down 0.3% from June 2005 and 6.3% lower than May 2006. Month ending stocks, at 41.5 million pounds, are 31.9% lower than a year ago but 1.0% above last month.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.
F.O.B. EDIBLE: .2775 - .4100 MOSTLY: .3100 - .3500

CASEIN – NATIONAL

Casein markets are little changed from recent weeks. Prices are basically unchanged and the market tone is steady. Oceania suppliers continue to fill contracts from inventoried stock. For most suppliers, these stocks are declining as the new milk and casein production season is about to begin. In Europe, some casein suppliers state that European production has been lower this season versus recent years. Lower available milk volumes and the decision by some producers to reduce their output during the current season are two factors attributed to lower casein availability. For most domestic buyers, they indicate that are getting their desired volumes.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 3.0000 - 3.1000
ACID: 3.0500 - 3.1500

EVAPORATED MILK - NATIONAL

Prices are unchanged. Canned evaporated milk production during June 2006 totaled 43.8 million pounds, down 10.8% from June 2005 and 1.3% below May 2006. Manufacturers end-of-month stocks totaled 73.4 million pounds, 2.6% higher than a year ago but 7.5% below last month.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES $21.20 - 36.00
Excluding promotional and other sales allowances. Included new price announcements.

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF AUGUST 7 – 11, 2006			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/05	SAME PERIOD LAST YEAR	WEEK ENDING 08/04/06	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	198,000	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	198,000	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfortified	-0-	-0-	-0-	63,991,990	31,817,269	-0-	-0-
Fortified	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	63,991,990	31,817,269	-0-	-0-

MILK EQUIVALENT, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF AUGUST 7 - 11, 2006 =	0.0	0.0	COMPARABLE PERIOD IN 2005 =	0.0	0.0
CUMULATIVE SINCE OCTOBER 1, 2005 =	15.9	746.8	CUMULATIVE SAME PERIOD LAST YEAR =	7.0	370.4
CUMULATIVE JAN. 1 – AUG. 11, 2006 =	15.9	746.8	COMPARABLE CALENDAR YEAR 2005 =	0.0	0.0

* Factors used for Fat Solids Basis - Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22
**Factors used for Skim Solids Basis - Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF AUGUST 7 - 11, 2006 (POUNDS)

	BUTTER			CHEESE			NONFAT DRY MILK	
REGION	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
CENTRAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/05 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
REGION	2005/06	2004/05	2005/06	2004/05	2005/06	2004/05	2005/06	2004/05
CENTRAL	-0-	-0-	198,000	-0-	1,364,259	1,331,567	13.4	4.2
WEST	-0-	-0-	-0-	-0-	60,223,255	29,415,099	83.3	92.4
EAST	-0-	-0-	-0-	-0-	2,404,476	1,070,603	3.3	3.4
TOTAL	-0-	-0-	198,000	-0-	63,991,990	31,817,269	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER NOVEMBER 15, 2002

MANUFACTURING MILK Average Test 3.67% - $9.90 per cwt.

BUTTER Bulk $1.0500 per pound; 1# Prints $1.0850
CHEESE 40 & 60# Blocks $1.1314 per pound; 500# Barrels $1.1014; Process American 5# $1.1889; Process Am. 2# $1.2289
NONFAT DRY MILK Nonfortified $.8000 per pound; Fortified $.8100; Instant $0.9625

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 07/22/06 & Comparable Week 2005

Regions* (000 HEAD)	1	2	3	4	5	6	7	8	9	10	U.S. TOTAL WEEK	U.S. TOTAL SINCE JAN 1	% DAIRY OF ALL WEEK	% DAIRY OF ALL SINCE JAN 1
2006-Dairy	N.A.	0.4	5.5	2.4	15.2	2.6	0.4	N.A.	13.6	1.5	42.8	1,268.7	41.4	44.4
2005-Dairy	N.A.	0.6	6.2	2.3	14.2	2.1	0.5	N.A.	12.1	2.1	41.0	1,267.4	45.3	47.1
2006-All cows	N.A.	0.5	6.9	12.2	27.8	20.6	13.0	N.A.	17.0	2.2	103.4	2,859.1		
2005-All cows	N.A.	0.6	7.7	10.6	28.1	13.6	9.3	N.A.	14.3	3.8	90.5	2,692.7		

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CLASS III MILK PRICES,(3.5% BF)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2002	11.87	11.63	10.65	10.85	10.82	10.09	9.33	9.54	9.92	10.72	9.84	9.74
2003	9.78	9.66	9.11	9.41	9.71	9.75	11.78	13.80	14.30	14.39	13.47	11.87
2004	11.61	11.89	14.49	19.66	20.58	17.68	14.85	14.04	14.72	14.16	14.89	16.14
2005	14.14	14.70	14.08	14.61	13.77	13.92	14.35	13.60	14.30	14.35	13.35	13.37

FEDERAL MILK ORDER CLASS PRICES FOR 2006 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	13.38	13.38	12.49	11.22	10.97	10.75	11.34	10.97				
II	13.25	12.62	11.69	11.37	11.13	11.00	10.83					
III	13.39	12.20	11.11	10.93	10.83	11.29	10.92					
IV	12.20	11.10	10.68	10.36	10.33	10.22	10.21					

1/ Specific order differentials to be added to this base price are located at www.ams.usda.gov/dyfmos/mib/cls_prod_cmp_pr.htm

JUNE 2006 DAIRY PRODUCTS HIGHLIGHTS

BUTTER production was 100.9 million pounds in June, 5.3 percent below June 2005 and 21.2 percent below May 2006. **AMERICAN TYPE CHEESE** production totaled 337.5 million pounds, 5.0 percent above June 2005 but 2.6 percent below May 2006. **TOTAL CHEESE** output (excluding cottage cheese) was 793.2 million pounds, 3.8 percent above June 2005 but 2.3 percent below May 2006. **NONFAT DRY MILK** production, for human food, totaled 116.5 million pounds, 6.2 percent below June 2005 and 11.9 percent below May 2006. **DRY WHEY** production, for human food, was 85.1 million pounds, 4.5 percent above June 2005 but 7.4 percent below May 2006. **ICE CREAM** (hard) production totaled 88.2 million gallons, 3.3 percent below June 2005 but 7.4 percent above May 2006.

PRODUCTION OF DAIRY PRODUCTS

PRODUCT	JUN 2006 1,000 LBS.	PERCENT CHANGE FROM: JUN 2005	MAY 2006	YEAR TO DATE 1/
BUTTER	100,900	-5.3	-21.2	10.1
CHEESE				
AMERICAN TYPES 2/	337,472	5.0	-2.6	3.2
CHEDDAR	268,717	4.1	-2.4	2.9
SWISS	25,603	4.4	-3.4	---
BRICK & MUENSTER	9,378	42.3	1.4	---
CREAM & NEUFCHATEL	57,373	7.6	3.2	---
HISPANIC	13,919	-1.3	-1.2	---
MOZZARELLA	261,760	2.4	-2.1	2.8
OTHER ITALIAN TYPES	63,427	-0.1	-6.9	4.5
TOTAL ITALIAN TYPES	325,187	1.9	-3.1	3.1
ALL OTHER TYPES	24,265	-4.8	0.8	---
TOTAL	793,197	3.8	-2.3	3.0
COTTAGE CHEESE, CURD 3/	37,846	-5.2	-3.1	---
COTTAGE CHEESE, CREAM 4/	30,973	-4.0	-1.3	-3.5
COTTAGE CHEESE, LOWFAT 5/	33,485	-5.3	-4.6	-1.1
CANNED EVAP & CONDSD WHOLE MILK	43,833	-10.8	-1.3	---
DRY WHOLE MILK	2,410	16.5	-5.9	---
NONFAT DRY MILK (NDM), HUMAN	116,495	-6.2	-11.9	11.9
SKIM MILK POWDERS (SMP) 6/	22,356	-12.8	23.2	---
DRY BUTTERMILK	579	1.4	-3.8	---
SOUR CREAM	89,605	4.4	-2.0	5.1

PRODUCT	JUN 2006 1,000 LBS.	PERCENT CHANGE FROM: JUN 2005	MAY 2006	YEAR TO DATE 1/
YOGURT (PLAIN AND FLAVORED)	272,495	3.5	1.9	3.5
DRY WHEY PRODUCTS				
DRY WHEY, HUMAN FOOD	85,057	4.5	-7.4	---
DRY WHEY, ANIMAL FEED	5,362	-32.9	1.5	---
DRY WHEY, TOTAL	90,419	1.2	-6.9	5.8
REDUCED LACTOSE AND MINERALS				
HUMAN FOOD	3,242	-18.4	-11.0	---
ANIMAL FEED	3,980	-32.6	-3.0	
LACTOSE, HUMAN FOOD & ANIMAL FEED	56,672	-0.3	-6.3	---
WHEY PROTEIN CONCENTRATE				
HUMAN FOOD 7/	29,601	3.1	-4.2	---
ANIMAL FEED 7/	4,557	19.4	-4.8	---
TOTAL 7/	34,158	5.0	-4.3	---
25.0-49.9 PERCENT 8/	23,782	-2.5	-8.1	---
50.0-89.9 PERCENT 8/	10,376	27.4	5.8	---
PROTEIN ISOLATES 9/	2,713	34.8	15.2	---
FROZEN PRODUCTS	1,000 GALLONS	PERCENT CHANGE FROM:		
ICE CREAM (HARD)	88,167	-3.3	7.4	-0.9
ICE CREAM, LOWFAT (HARD)	13,579	27.6	23.8	---
ICE CREAM, LOWFAT (SOFT)	28,056	0.5	6.9	---
ICE CREAM, LOWFAT (TOTAL)	41,635	7.9	11.8	2.0
YOGURT (TOTAL)	6,905	7.7	3.6	1.9

MANUFACTURERS' STOCKS, END OF MONTH 10/

PRODUCT	JUN 2006 1,000 LBS.	PERCENT OF: JUN 2005	MAY 2006
DRY WHEY PRODUCTS			
DRY WHEY, HUMAN FOOD	40,635	17.5	-3.0
DRY WHEY, ANIMAL FEED	2,863	-17.0	9.4
REDUCED LACTOSE & MINERALS—HUMAN & ANIMAL 11/	4,618	16.1	-14.7
LACTOSE, HUMAN FOOD & ANIMAL FEED	41,479	-31.9	1.0
CANNED EVAP & CONDSD WHOLE MILK	73,381	2.6	-7.5
DRY BUTTERMILK	10,530	7.8	-27.2

PRODUCT	JUN 2006 1,000 LBS.	PERCENT OF: JUN 2005	MAY 2006
WHEY PROTEIN CONCENTRATE			
HUMAN FOOD 7/	28,250	20.4	-1.8
ANIMAL FEED 7/	2,411	16.0	8.3
TOTAL 7/	30,661	20.1	-1.0
25.0-49.9 PERCENT 8/	18,918	19.8	-2.5
50.0-89.9 PERCENT 8/	11,743	20.5	1.5
NONFAT DRY MILK (NDM), HUMAN FOOD	110,478	-6.0	-24.0

1/ 2006 cumulative as percent change of 2005 cumulative. 2/ Includes Cheddar, colby, monterey and jack. 3/ Mostly used for processing into cream or lowfat cottage cheese. 4/ Fat content 4 percent or more. 5/ Fat content less than 4 percent. 6/ Includes protein standardized and blends. 7/ Whey Protein Concentrate, 25.0 to 89.9 percent. 8/ Whey Protein Concentrate Human and Animal. 9/ Whey Protein Isolates, 90.0 percent or greater. 10/ Stocks held by manufacturers at all points and in transit. 11/ Reduced lactose and minerals stocks combined to avoid disclosure of individual operations.

SOURCE: "Dairy Products," Da 2-6 (8-06), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

FEDERAL MILK ORDER CLASS AND COMPONENT PRICES, JULY

Component Price Information: Under the Federal milk order pricing system, the butterfat price for July 2006 is $1.2228 per pound. Thus, the Class II butterfat price is $1.2298. The protein and other solids prices for July are $1.9807 and $0.1257 per pound, respectively. These component prices set the Class III skim milk price at $6.88 per cwt. The July Class IV skim milk price is $6.15 which is derived from the nonfat solids price of $0.6831 per pound. **Product Price Averages:** The product price averages for June are: butter $1.1340, nonfat dry milk $0.8300, cheese $1.1793, and dry whey $0.2810.

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT 1/ 2/

FEDERAL MILK ORDER MARKETING AREAS 3/	ORDER NUMBER	JULY 2006				AUGUST 2006
		CLASS I	CLASS II	CLASS III	CLASS IV	CLASS I
		DOLLARS PER 100 POUNDS				
Northeast (Boston) 4/	001	14.59	10.83	10.92	10.21	14.22
Appalachian (Charlotte) 5/	005	14.44	10.83	10.92	10.21	14.07
Southeast (Atlanta) 6/	007	14.44	10.83	10.92	10.21	14.07
Florida (Tampa) 7/	006	15.34	10.83	10.92	10.21	14.97
Mideast (Cleveland) 8/	033	13.34	10.83	10.92	10.21	12.97
Upper Midwest (Chicago) 9/	030	13.14	10.83	10.92	10.21	12.77
Central (Kansas City) 10/	032	13.34	10.83	10.92	10.21	12.97
Southwest (Dallas) 11/	126	14.34	10.83	10.92	10.21	13.97
Arizona (Phoenix) 12/	131	13.69	10.83	10.92	10.21	13.32
Pacific Northwest (Seattle) 13/	124	13.24	10.83	10.92	10.21	12.87
All-Market Average	---	13.99	10.83	10.92	10.21	13.62

1/ To convert the Class I price per 100 pounds to the Class I price per gallon, divide 11.63--the approximate number of gallons in 100 pounds of milk.
2/ Note: The mandatory $0.20 per cwt. processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this table.
3/ Names in parentheses are the major city in the principal pricing point of the market.
4/ Class I prices at other cities are: New York City, minus $0.10; Philadelphia, minus $0.20; Baltimore, minus $0.25; and Washington, DC, minus $0.25.
5/ Class I prices at other cities are: Knoxville, minus $0.30 and Louisville, minus $0.90.
6/ Class I prices at other cities are: New Orleans; plus $0.50; Memphis, minus $0.30; Nashville, minus $0.50; and Springfield, Mo., minus $0.90.
7/ Class I prices at other cities are: Orlando, same; Miami, plus $0.30; and Jacksonville, minus $0.30.
8/ Class I prices at other cities are: Indianapolis, same; Cincinnati, plus $0.20; Pittsburgh, plus $0.10; and Detroit, minus $0.20.
9/ Class I prices at other cities are: Milwaukee, minus $0.05; and Minneapolis, minus $0.10.
10/ Class I prices at other cities are: Des Moines, minus $0.20; Omaha, minus $0.15; Oklahoma City, plus $0.60; St. Louis, same; and Denver, plus $0.55.
11/ Class I prices at other cities are: Houston, plus $0.60; San Antonio, plus $0.45; Albuquerque, minus $0.65; and El Paso, minus $0.75.
12/ Effective May 1, 2006, the name of the Federal milk order was changed. Clark County, Nevada which includes Las Vegas, was removed from the marketing area.
13/ Class I prices at other cities are: Portland, same; and Spokane, same.

MAILBOX MILK PRICES FOR SELECTED REPORTING AREAS IN FEDERAL MILK ORDERS AND CALIFORNIA, MAY 2006 1/

In May 2006, mailbox milk prices for selected reporting areas in Federal milk orders averaged $11.80 per cwt., $.12 less than the figure for the previous month. The component tests of producer milk in May 2006 were: butterfat, 3.63%; protein, 3.01%; and other solids, 5.74%. On an individual reporting area basis, mailbox prices decreased in all Federal milk order reporting areas except two, and ranged from $14.70 in Florida to $9.98 in New Mexico. In May 2005, the Federal milk order all-area average mailbox price was $14.48, $2.68 higher.

Reporting Area	Mailbox Milk Price 2/		
	May 2005	April 2006	May 2006
	Dollars per hundredweight		
New England States 3/	15.19	12.64	12.43
New York	14.75	12.21	12.12
Eastern Pennsylvania 4/	15.02	12.54	12.40
Appalachian States 5/	14.59	12.38	12.39
Southeast States 6/	15.04	13.20	13.08
Southern Missouri 7/	13.97	11.45	11.44
Florida	16.44	14.81	14.70
Western Pennsylvania 8/	14.75	12.27	12.04
Ohio	14.62	12.16	12.00
Indiana	14.66	11.97	11.85
Michigan	14.18	11.78	11.62
Wisconsin	14.98	12.12	11.99
Minnesota	14.76	11.76	11.75
Iowa	14.64	11.85	11.85
Illinois	14.61	11.76	11.68
Corn Belt States 9/	13.61	11.41	11.23
Western Texas 10/	13.31	10.75	10.68
New Mexico	12.52	10.10	9.98
Northwest States 11/	13.47	11.46	11.26
All Federal Order Areas 12/	14.48	11.92	11.80
California 13/	13.48	10.64	10.45

1/ Information is shown for those areas for which prices are reported for at least 75% of the milk marketed under Federal milk orders. The price shown is the weighted average of the prices reported for all orders that received milk from the area. As applicable, includes milk not-pooled due to disadvantageous intra-order price relationships. 2/ Net pay price received by dairy farmers for milk. Includes all payments received for milk sold and all costs associated with marketing the milk. Price is a weighted average for the reporting area and is reported at the average butterfat test. Mailbox price does not include any Milk Income Loss Contract (MILC) payments. Mailbox price does include, for the most part, the $0.05 per cwt. assessment under the Cooperatives Working Together (CWT) program. 3/ Includes Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont. 4/ All the counties to the east of those listed in 8/. 5/ Includes Kentucky, North Carolina, South Carolina, Tennessee, and Virginia. 6/ Includes Alabama, Arkansas, Georgia, Louisiana, and Mississippi. 7/ The counties of Vernon, Cedar, Polk, Dallas, Laclede, Texas, Dent, Crawford, Washington, St. Francois, and Perry and all those to the south of these. 8/ The counties of Warren, Elk, Clearfield, Indiana, Westmoreland, and Fayette, and all those to the west of these. 9/ Includes Kansas, Nebraska and the Missouri counties to the north of those listed in 7/. 10/ All counties to the west of Fanin, Hunt, Van Zandt, Henderson, Anderson, Houston, Cherokee, Nacogdoches, and Shelby. 11/ Includes Oregon and Washington. 12/ Weighted average of the information for all selected reporting areas in Federal milk orders. Previous year figures have not been revised for new reporting areas. 13/ Calculated by California Department of Food and Agriculture, and published in “California Dairy Information Bulletin.”

JUNE FLUID MILK SALES

During June, about 4.3 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 3.2 percent higher than June 2005. After adjusting for calendar composition, sales in June 2006 were 1.7 percent higher than June 2005. On an individual product basis, after adjusting for calendar composition, sales of reduced fat (2%) milk, low fat milk (1%), and fat-free (skim) milk increased from June 2005, while sales of whole milk, flavored whole milk, flavored fat-reduced milk, and buttermilk decreased from a year earlier. Sales data for organic milk are now being provided.

Editor's Note: Additional data can be found at http://www.ams.usda.gov/dyfmos/mib/fluidsales.htm. Revised data for May 2006 can also be found at that location. Also, it should be noted that there have been revisions in the data for some reporting areas, thus the data for May 2006 has been revised.

ESTIMATED TOTAL U.S. SALES OF FLUID MILK PRODUCTS, JUNE 2006, WITH COMPARISONS 1/

Product Name	Sales		Change from: 2/	
	June	Year to Date	Previous Year	Year to Date
	Mil. Lbs.		Percent	
Whole Milk	1,359	8,208	-0.2	-2.0
Flavored Whole Milk	57	352	-3.8	-5.4
Organic Whole Milk 3/	22	118	---	---
Reduced Fat Milk (2%)	1,446	8,795	3.2	3.2
Low Fat Milk (1%)	499	3,170	2.6	2.7
Fat-Free Milk (Skim)	655	3,998	3.6	2.7
Flavored Fat-Reduced Milk	182	1,907	0.3	0.7
Organic Fat-Reduced Milk 3/	73	388	---	---
Buttermilk	41	256	-1.5	-0.1
Total Fluid Milk Products 4/	4,349	27,290	3.2	1.4
Total Fluid Milk Products Adjusted 4/ 5/	4,297	27,306	1.7	1.2

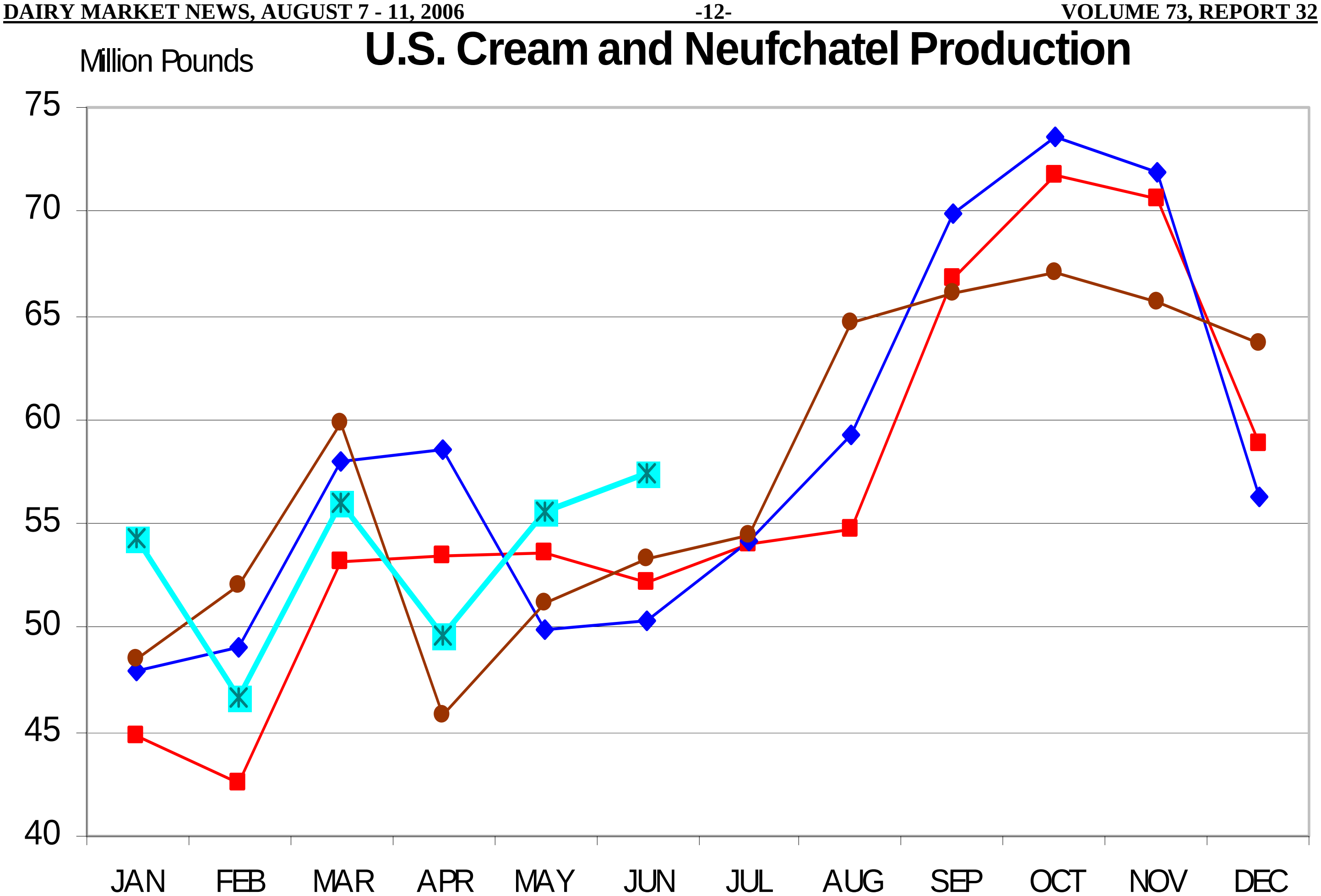
1/ These figures are representative of the consumption of fluid milk products in Federal milk order marketing areas and California, which accounts for approximately 92 percent of total fluid milk sales in the United States. An estimate of total U.S. fluid milk sales is derived by interpolating the remaining 8 percent of sales from the Federal milk order and California data. 2/ Percent changes, as well as sales volumes, unless otherwise noted, are shown on an unadjusted basis; see 5/. Organic milk is included with conventional milk in calculating percentage changes; see 3/. 3/ Data are not available for previous year. 4/ Total fluid milk products include the products listed plus miscellaneous products and eggnog. 5/ Sales volumes and percent changes have been adjusted for calendar composition; see http://www.ams.usda.gov/dyfmos/mib/clndr_comp_rpt.pdf

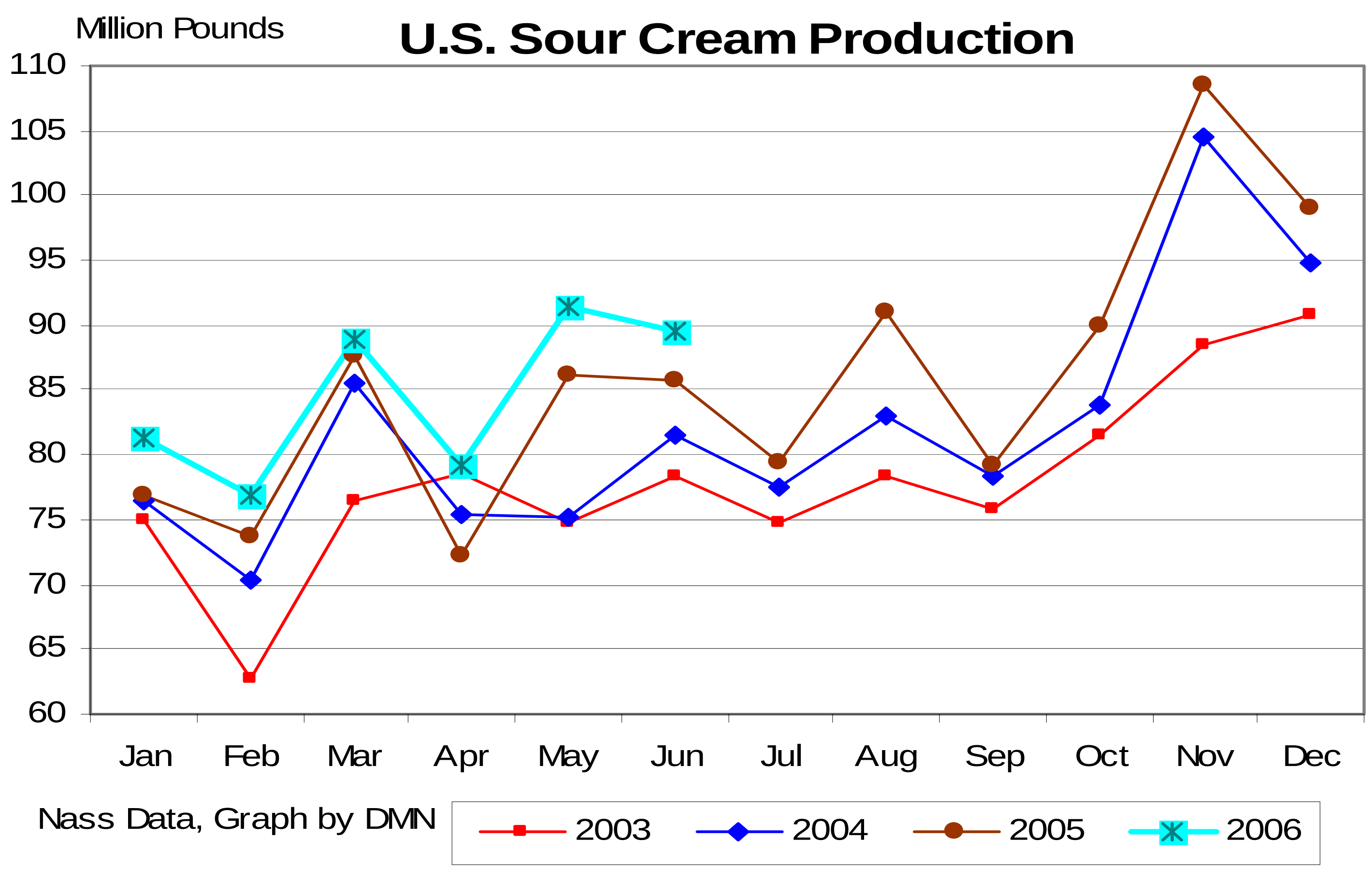
PACKAGED SALES OF TOTAL FLUID MILK PRODUCTS IN FEDERAL MILK ORDERS AND CALIFORNIA, JUNE 2006, WITH COMPARISONS 1/

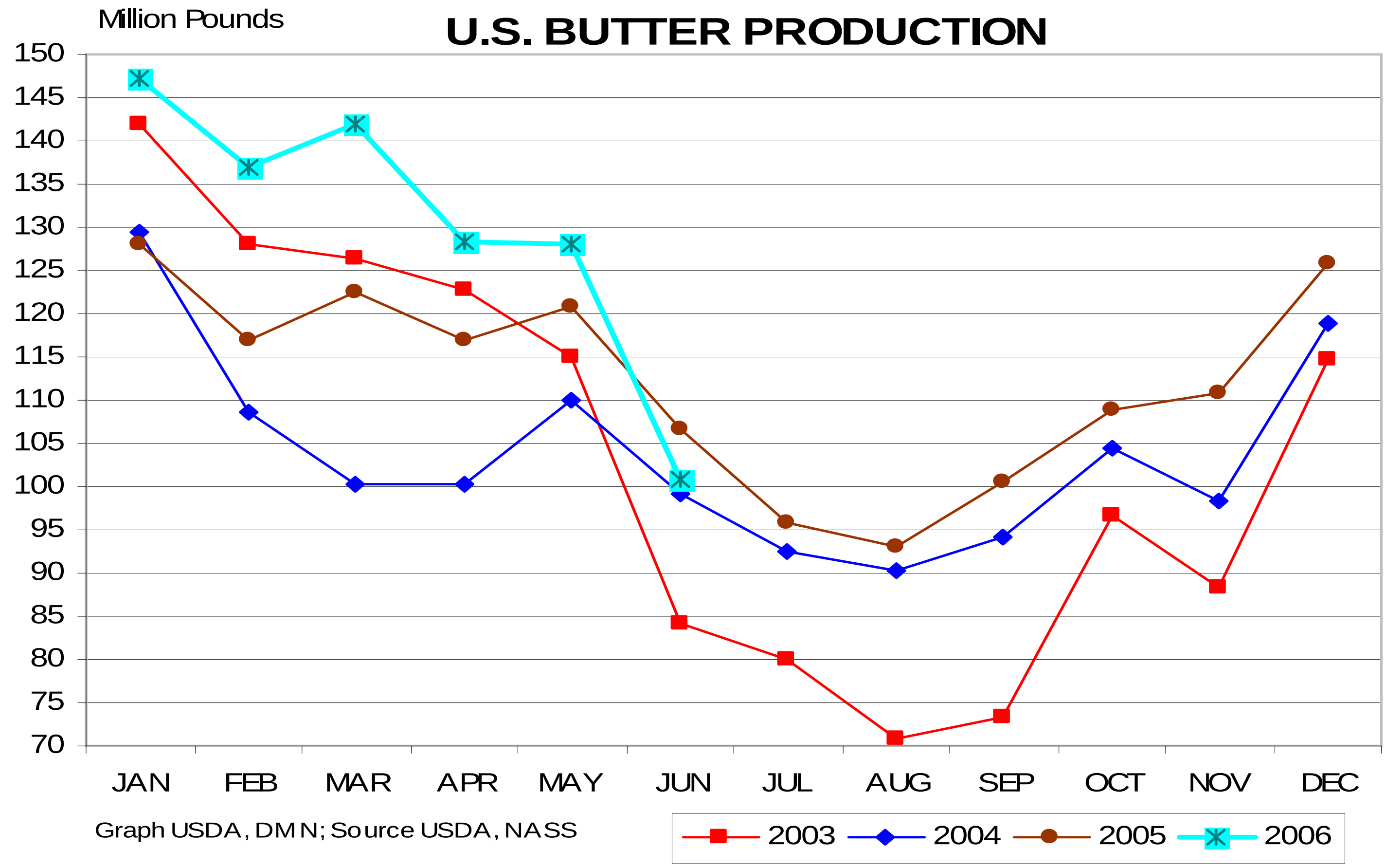
Area (Order Number)	Sales		Change from: 2/	
	June	Year to Date	Previous Year	Year to Date
	Mil. Lbs.		Percent	
Northeast (001)	764	4,704	2.7	0.0
Appalachian (005)	284	1,793	3/	3/
Southeast (007)	391	2,469	5.9	3.6
Florida (006)	229	1,469	-0.2	-1.7
Mideast (033)	482	3,092	2.4	0.4
Upper Midwest (030)	347	2,208	4.6	1.4
Central (032)	364	2,332	3.7	2.5
Southwest (126)	343	2,168	4/	4/
Arizona-Las Vegas (131)	95	635	5/	5/
Pacific Northwest (124)	176	1,077	3.9	1.9
California (---)	526	3,214	1.6	1.0

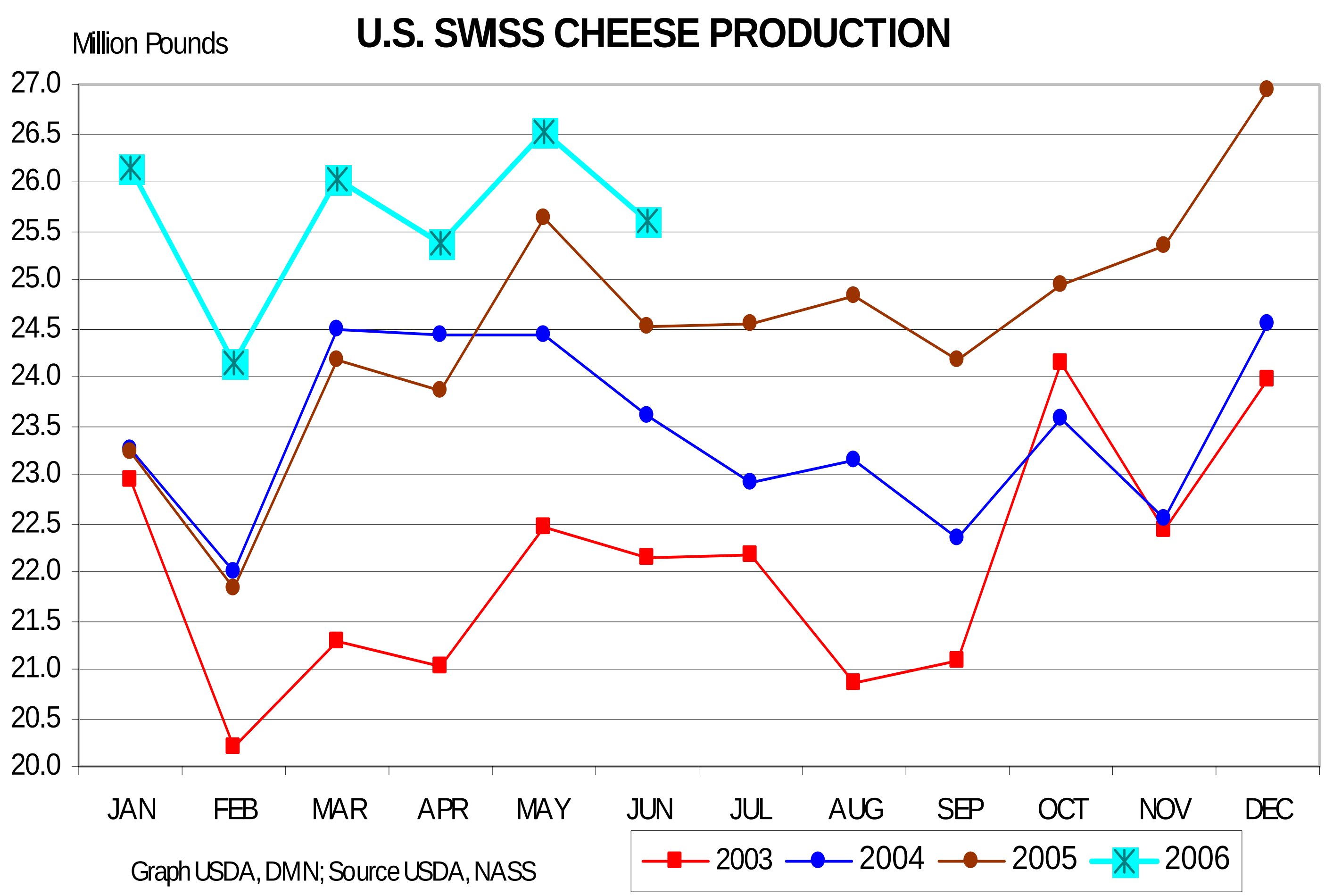
1/ These figures are representative of the consumption of total fluid milk products in the respective area; see 3/ above for the products included. 2/ Percent changes, as well as sales volumes, are shown on an unadjusted basis; see 2/ above. 3/ Percent changes for this market are not comparable due to an expansion in the marketing area. 4/ Percent changes for this market are not comparable due to reporting revisions. 5/ Percent changes for this market are not comparable. Effective May 1, 2006, Clark County, Nevada was removed from the marketing area.

SOURCE: Monthly reports filed by milk processors subject to the provisions of the applicable Federal milk order, AMS, USDA, and *California Dairy Information Bulletin*, California Agricultural Statistics Service and Milk Stabilization Branch.


U.S. Cream and Neufchatel Production
Million Pounds
75
70
65
60
55
50
45
40
JAN
FEB
MAR
APR
MAY
JUN
JUL
AUG
SEP
OCT
NOV
DEC


U.S. Sour Cream Production
Million Pounds
110
105
100
95
90
85
80
75
70
65
60
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
Nass Data, Graph by DMN
2003
2004
2005
2006


Million Pounds
U.S. BUTTER PRODUCTION
150
145
140
135
130
125
120
115
110
105
100
95
90
85
80
75
70
JAN FEB MAR APR MAY JUN JUL AUG SEP OCT NOV DEC
Graph USDA, DMN; Source USDA, NASS
2003 2004 2005 2006


Million Pounds
U.S. SWISS CHEESE PRODUCTION
27.0
26.5
26.0
25.5
25.0
24.5
24.0
23.5
23.0
22.5
22.0
21.5
21.0
20.5
20.0
JAN FEB MAR APR MAY JUN JUL AUG SEP OCT NOV DEC
Graph USDA, DMN; Source USDA, NASS
2003 2004 2005 2006

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